

January 9, 1975

there before, establishes what the pie is first, and then they say to the employee, they say, how much money we have. We have \$25,000 that we can work with you this year. Now if the teachers want to take \$20,000 of that in terms of fringe benefits or we could do it like they do Blue Cross and Blue Shield. The board gives them the option. Do you want that as salary or do you want that as fringe benefits.

SENATOR KOCH: What you are saying, then, is that in lieu of salary the board could adopt this option, and say that, if it is 3 1/2% of \$9,000, they would say, all right, we will place this into your retirement fund but that is a part of your salary and the benefit to the teacher would be that it would be a tax exemption as far as state and federal is concerned.

SENATOR F. LEWIS: Only that, only that.

PRESIDENT: Senator Murphy.

SENATOR MURPHY: A question of Senator Lewis. Senator Lewis, on this IRA, there is no taxation of these funds if the school board pays the teacher...

SENATOR F. LEWIS: What is this IRA?

SENATOR MURPHY: Individual Retirement Account.

SENATOR F. LEWIS: I am Protestant so I didn't know what it meant.

PRESIDENT: John and I were worried about that.

SENATOR MURPHY: I should tell you about the little Jewish fellow who was walking through the streets of Dublin one night late and a arm came out of a dark alley and hauled him backwards into the alley and a knife appeared at his throat and a voice behind him said, "Are you Catholic or Protestant?" And the little Jewish fellow thought a minute and thought I have got it made, so he says, "I am Jewish. I am Jewish." The voice behind him said, "I have got to be the luckiest Arab in Dublin."

PRESIDENT: Shut that microphone off.

SENATOR MURPHY: If I may, the teacher may take his money, deposit it in an individual retirement account, which I assume this account would ultimately be, without being subject to tax whether the school board did it or did not do it. He would be in the same tax position. He could establish his account in insurance, in a bank, in an S & L, all of the approved IRA type of accounts. I fail to see the import of the school board making his payment so that it is tax free to the teacher, when in fact, if he puts it into a retirement account, it is tax free, period.

SENATOR F. LEWIS: Senator Murphy, if that was a question to me and I guess it was, first of all, the teacher doesn't